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September 23, 2003

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APPLICATION

Honorable James H. Welsh
Commissioner of Conservation
Louisiana Office of Conservation
P.O. Box 94275
Baton Rouge, LA 70804-4275

RE: 2800' Sand, Reservoir A
3100' Sand, Reservoir A
4800' Sand, Reservoir A
Lake Gero Field
Terrebonne Parish, Louisiana

Dear Commissioner Welsh:

Application is hereby made on behalf of **DENBURY RESOURCES, INC.** for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of Orders pertaining to the following matters relating to the **2800' Sand, Reservoir A**, the **3100' Sand, Reservoir A** and the **4800' Sand, Reservoir A**, all in the Lake Gero Field, Terrebonne Parish, Louisiana, to-wit:

1. To establish rules and regulations and create a single drilling and production unit each for the exploration for and production of gas and condensate from the 2800' Sand, Reservoir A, the 3100' Sand, Reservoir A, and the 4800' Sand, Reservoir A, such units to be designated 2800 RA SUA, 3100 RA SUA, and 4800 RA SUA, respectively;

2. To force pool and integrate all separately owned tracts, mineral leases and other property interests within each of the proposed units, with each tract sharing in unit production on a surface acreage basis of participation;
3. To designate a unit well for each of the proposed units, and an alternate unit well for the proposed 2800 RA SUA;
4. To designate Denbury Resources, Inc. as the unit operator for each of the proposed units;
5. To provide that the Commissioner of Conservation should be authorized to reclassify each of the reservoirs by supplemental order without the necessity of a public hearing if the producing characteristics of the reservoir change and evidence to justify such reclassification is submitted to and accepted by the Commissioner of Conservation; and
6. To consider such other matters as may be appropriate and justified by the evidence presented at the hearing.

The 2,800' Zone in Lake Gero Field, Terrebonne Parish, Louisiana, is hereby defined as that certain gas and condensate bearing interval encountered between the depths of 2,796' feet and 2,818' feet, electric log measurements, in the Denbury Resources, Inc. - Oak Estates No. 2 Well, located in Section 85, Township 19 South, Range 17 East, Terrebonne Parish, Louisiana.

The 3,100' Sand in Lake Gero Field, Terrebonne Parish, Louisiana, is hereby defined as that certain gas and condensate bearing interval encountered between the depths of 3,104 feet and 3,124 feet, electric log measurements, in the Denbury Resources, Inc. - Oak Estates No. 2 Well, located in Section 85, Township 19 South, Range 17 East, Terrebonne Parish, Louisiana.

The 4,800' Sand in Lake Gero Field, Terrebonne Parish, Louisiana, is hereby defined as that certain oil and gas bearing interval encountered between the depths of 4,824 feet and 4,910 feet, electric log measurements (4,688 feet and 4,774 feet, true vertical depth), in the Denbury Resources, Inc. - Oak Estates No. 3 Well, located in Section 85, Township 19 South, Range 17 East, Terrebonne Parish, Louisiana.

A conference to discuss the proposed application and any opposition thereto was held at 10:30 a.m., on Wednesday, August 20, 2003, at the Onebane Firm, 102 Versailles Blvd., Suite 600, Lafayette, Louisiana. A list of the parties who attended the pre-application conference is attached. Randall Songy, attorney for the applicant, opened the conference with a brief discussion of the Rules of Procedures. Holmes Smart, geological consultant for the applicant, explained the applicant's proposal and the geological, engineering and other bases therefor, and answered questions. Informal verbal counterplans which slightly revised the applicant's proposals were presented by Wilbert Billiot and Rebecca Guidry. Paul Verdin also presented an informal verbal counterplan suggesting that the applicant's two proposed units for the 2800' Sand and the 3100' Sand each should be combined into one big unit for each sand. The applicant agreed to consider these requests before filing an Application. The conference was then adjourned.

After further consideration, the Applicant has revised its proposed units for the 2800' Sand and the 3100' Sand to satisfy some of the concerns expressed at the conference, resulting in the unit proposals reflected on the attached plats. The new proposals would (a) eliminate the "donut hole" exclusion, (b) create one unit for each sand rather than two, and (c) move both the eastern and western boundaries slightly further to the east. The proposal for the 4800' Sand remains unchanged. If requested by an Interested Owner, Represented Party or Interested Party on or before October 3, 2003, the Applicant will schedule another conference to discuss the unit proposals being made by this Application.

Pertinent data relating to the proposed application can be obtained, AT THE COST OF THE REQUESTING PARTY, by contacting **Holmes Smart, 200 Audubon Blvd., Lafayette, Louisiana 70503, (337)232-4031.**

Any questions concerning geological or engineering issues should be directed to Holmes Smart, 200 Audubon Blvd., Lafayette, Louisiana 70503, (337)232-4031. Any other questions concerning the unit proposal can be directed to Elaine Geoffroy or the undersigned, The Onebane Firm, P.O. Box 3507, Lafayette, Louisiana, (337)266-1247. Any questions concerning the location of your property in relation to the proposed unit or the leasing of property in and around the proposed unit should be directed to Joe Pulliam, Denbury Resources, Inc., (972)673-2000.

There is attached hereto and made a part hereof plats outlining the proposed units and a list of the names and addresses of the interested parties to whom this unitization proposal is being sent. Pursuant to the Revised Rules of Procedure, such list of parties is being furnished **ONLY** to the Commissioner of Conservation and to the District Manager of the Lafayette District of the Office of Conservation. However, the list of parties will be provided to any party requesting a copy of it. A reasonable effort was made to ascertain

the names and addresses of all Interested Owners, Represented Parties and Interested Parties.

Finally, there is enclosed a check in the amount of \$2,265.00, made payable to the Louisiana Office of Conservation, in payment of the required hearing application fee.

Very truly yours,


RANDALL C. SONGY

RCS/elg/bad

Enclosures

cc: Mr. Richard D. Hudson, District Manager
cc: All Interested Owners, Interested Parties and
Represented Parties

P.S. To all Interested Owners, Represented Parties and Interested Parties:

You may have received this Application even though your property is not included in the proposed unit, because the Revised Rules of Procedure require us to attempt to also notify everyone owning an interest in the area "proximate to" the proposed units.

Your receipt of this Application does not require you to take any action. It is meant to notify you of these proceedings so that you have the opportunity to participate if you so desire.

SECTION 83

T 19 S - R 17 E

SECTION 68

SECTION 19

OAKSTATES
SUBDIVISION
ET AL, LLC4707'VD
4808'VDD.R.I.
OAK EST. SUB. No. 3PROPOSED ALTERNATE
UNIT WELLD.R.I.
OAK EST. SUB. No. 2

J.A. VERDIN WELL NO.1

SECTION 85

2800' RA SUA
OAK EST. NO. 1
±320 ACRESPROPOSED
UNIT WELLD.R.I.
OAK EST. No. 1
3504' (BHL)

SECTION 30

SECTION 29

SECTION 28

SECTION 27

SECTION 86

SECTION 8

EXHIBIT NO.
DOCKET NO. 03-DENBURY RESOURCES, INC.
DALLAS, TEXASLAKE GERO FIELD
Terrebonne Parish, LouisianaPROPOSED UNIT
2800' SAND

0' 1000' 2000'

DATE:

FRANK W. HARRISON, JR.
CONSULTING GEOLOGISTS - LAFAYETTE, LOUISIANA

SECTION 83

T 19 S - R 17 E

SECTION 68

SECTION 19

OAKSTATES
SUBDIVISION
ET AL, LLC

SECTION 85

ENLARGED VIEW

OAKSTATES
SUBDIVISION
ET AL, LLC

3100' RA SUA
P. VERDIN NO. 2
±320 ACRES

PROPOSED
UNIT WELL

OAKSTATES
SUBDIVISION
ET AL, LLC

SECTION 30

SECTION 29

SECTION 28

SECTION 27

SECTION 86

EXHIBIT NO.
DOCKET NO. 03-

DENBURY RESOURCES, INC.
DALLAS, TEXAS

LAKE GERO FIELD
Terrebonne Parish, Louisiana

PROPOSED UNIT
3100' SAND

0' 1000' 2000'

DATE:

FRANK W. HARRISON, JR.
CONSULTING GEOLOGISTS - LAFAYETTE, LOUISIANA

